

Facilities Update -- Board of Equalization Headquarter Space Assessment Prepared August 8, 2008

Initial analysis indicates the Board of Equalization (BOE) has approximately 2500 positions assigned to the headquarters building. Of those currently assigned to this building, 121 are currently housed at FTB while work on the top three floors is being completed and about 50 employees from the 11th floor will be moved to West Sacramento by the end of September. Based on vacancies, absences, and flexible work schedules, the number of employees in the building at any given point is about 2300. Based on recent budget augmentations, the number of BOE headquarters employees is expected to increase to approximately 2650 by June 2011.

According to a previous Space Optimization Study conducted by Dreyfuss & Blackford Architects, the building was originally constructed for a maximum occupancy of 2200. Therefore, a minimum of approximately 450 employees should be relocated in the near future to permanent office space outside of the BOE headquarters building located at 450 N Street, Sacramento, California.

BOE must secure \$5.0 - \$8.3 million in funding to pay for the rent on the new space, tenant improvements and moving costs. According to information provided to us by the Department of General Services (DGS), the moving cost per employee to relocate is \$7,746 exclusive of the tenant improvements and estimated first year rent. When these factors are added the cost is approximately \$110,000 per employee.

In order to ensure continuity of business operations, BOE must identify the functional business areas/units that can be relocated with minimal business disruption while creating greater efficiencies where possible.

Looking further to the future, BOE projects by the year 2014 the number of positions assigned to headquarters operations will increase to approximately 2800-3000 positions. BOE must explore long-term options to meet the space demand of approximately 600,000 usable square feet; the 450 N Street building is approximately 460,000 usable square feet. According to information provided by DGS, an initial investigation indicated that no existing space of this size is available in the greater Sacramento area. DGS did locate multi-locations in the area that could accommodate BOE staff. DGS estimates that a move into numerous buildings could be accomplished in 24 to 36 months. DGS also identified that land was available for lease build to suit with the option to purchase in the area and that a project of this type could be accomplished in six to eight years.

Given these occupancy factors plus the on-going investigation, evaluation, testing and repair work in the Headquarters building, BOE is faced with the unique opportunity to develop a comprehensive facilities plan that will address our current needs and future growth.

The following charts provide the high-level detail for the occupancy and space estimated discussed in this briefing:

Estimated Space Needs through 6/30/2011:

Headquarters Occupancy estimate as of 6/27/2007*	≈2,500
New Headquarters Positions from the 2007/08 Budget	21
New Headquarters Positions from 2008/09 Budget (if adopted)	125
TOTAL estimated Headquarter Occupancy as of 6/30/11	≈2,650
Recommended Headquarter Occupancy**	1900-2200
Estimate number of Headquarter employees to relocate	≈450-750
Estimated usable square footage needed (210 square foot per person)	95,000 - 158,000
Estimated cost to relocate 450 employees (includes rent at \$3.63 and tenant improvement services)	\$5.0 M
Estimated cost to relocate 750 employees (includes rent at \$3.63 and tenant improvement services)	\$8.3 M

Estimated Space Needs through 6/30/2014:

Estimated Headquarter Positions in 6/30/2011	≈2,650
Estimated Growth 6/30/2009 through 6/30/2014 (Based on 5 and 10 year average growth)	≈175-350
Estimated population as of 6/30/2014	≈2,800 - 3,000
Estimated usable square footage needed 6/30/2014 (Based on 210 usable square feet per person)	589,000 - 630,000
Current usable square footage at Headquarters building	≈460,000
Estimate shortage of usable square footage	129,000 - 170,000

*Represents the number of positions assigned to the HQ building

**Source – 1997 Space Optimization Study conducted by Dreyfuss & Blackford Architects